

Message Text

SECRET

PAGE 01 TEHRAN 07765 01 OF 02 011300Z

56

ACTION NODS-00

INFO OCT-01 ISO-00 /001 W

----- 093997

O 010920Z AUG 76

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC IMMEDIATE 8395

S E C R E T SECTION 1 OF 2 TEHRAN 7765

NODIS

FOR THE SECRETARY FROM AMBASSADOR

E.O. 11652: XGDS-1

TAGS: MILI, IR, US

SUBJECT: YOUR VISIT TO TEHRAN: THE SHAH'S MOOD AND MAJOR ISSUES

1. COMPLICATING FACTOR IN OUR WORK THESE PAST WEEKS OF PLANNING YOUR VISIT HAS BEEN STRONG DESIRE ON PART OF GOI TO MAKE YOUR STAY AS USEFUL TO YOU AS POSSIBLE. THERE HAS BEEN GREAT RELUCTANCE TO MAKE ANY ARRANGEMENTS THAT MIGHT NOT MATCH YOUR PREFERENCES. CLEARLY, IRANIANS SEE YOUR TRIP IN VERY PERSONAL TERMS, AND IN CONTEXT OF HIGH REGARD SHAH HAS FOR YOU. YOU WILL FIND THE SHAH AS CORDIAL AS EVER AND APPRECIATIVE OF YOUR EFFORTS IN THIS REGION AND THE WORLD AT LARGE.

2. THERE ARE, HOWEVER, TWO FEATURES OF THE SHAH'S MOOD THAT HAVE ACQUIRED CONSIDERABLE IMPORTANCE SINCE YOU LAST SAW HIM. FIRST IS IRANIAN FEELING OF BEING "PUSHED AROUND" OR USED BY THE US. SECOND IS A CONCERN THAT THE US LACKS POLITICAL WILL TO DEAL EFFECTIVELY WITH ITS ADVERSARIES AND THAT IT MAY RETREAT TO NEO-ISOLATIONISM. UNDERLYING BOTH OF THESE CONCERNS IS GOI FRUSTRATION OVER DIMINISHED OIL REVENUES, PERSISTING WORLD INFLATION AND HEAVY IRANIAN DEMANDS FOR DEVELOPMENT. ALTHOUGH CRUDE OFF-TAKE HAS RECOVERED FROM THE LOW LEVELS REACHED 6-8 MONTHS AGO, CASH FLOW PROBLEM IS STILL QUITE SERIOUS AND LARGE NUMBER OF PROJECTS HAVE HAD TO BE CUT BACK

SECRET

SECRET

PAGE 02 TEHRAN 07765 01 OF 02 011300Z

OR DELAYED. IN OTHER WORDS, SHAH'S GRANDIOSE VISION OF

IRANIAN DEVELOPMENT HAS HAD TO BE SCALED DOWN BOTH IN TERMS OF NATION'S INTERNATIONAL ROLE AND CIVILIAN AND MILITARY DEVELOPMENT PROGRAMS. AS YOU ARE AWARE, SHAH IS NOT A LEADER WHO LIKES TO OPERATE WITHIN EXTERNALLY IMPOSED CONSTRAINTS.

3. FOR THIS REASON, HE IS PARTICULARLY SENSITIVE TO WHAT MAY APPEAR TO BEING "PUSHED AROUND" BY THE US MAINLY ON FOUR ISSUES:

(A) BASIC DISAGREEMENT BETWEEN US AND IRAN OVER IRAN'S PLANS FOR NUCLEAR DEVELOPMENT CENTER ON OUR DESIRE FOR FIRM CONTROLS OVER REPROCESSING OF NUCLEAR FUELS AND IRAN'S UNWILLINGNESS TO CONCEDE ANY OUTSIDE INTERFERENCE WHICH MAY DEROGATE FROM ITS SOVEREIGNTY. IRAN WANTS OUR TECHNOLOGY AND FINANCIAL PARTICIPATION IN DEVELOPMENT OF NUCLEAR CAPABILITY WHICH SHAH EXPECTS TO FILL GAP AS PETROLEUM OUTPUT DECLINES DURING DECADES AHEAD. IRAN WANTS OUR ASSISTANCE ON COMMERCIAL TERMS WITHOUT OUR POLITICAL INTERFERENCE WHICH IS PERCEIVED AS SUGGESTING THAT IRAN IS SOMEWHAT UNTRUSTWORTHY OR CAN BE TREATED AS A SECOND CLASS POWER. WE HEAR FROM ANSARY THAT THIS ISSUE IS BECOMING INCREASINGLY IRRITATING TO SHAH AND HE VERY PROBABLY WILL RAISE IT WITH YOU, FEELING THAT IT IS A MATTER TOO IMPORTANT TO BE LEFT TO TECHNOCRATS. (CF TEHRAN 7123).

(B) SECOND ISSUE IS APPARENT IMPASSE WE HAVE REACHED IN CIEC DELIBERATIONS OVER MAINTENANCE OF PURCHASING POWER AND LDC DEBT RESCHEDULING. IRAN SEES OUR ROLE AS THAT OF STATUS QUO POWER UNWILLING TO TAKE ANY CONCRETE ACTIONS ON THESE PROBLEMS BUT PREFERRING TO STUDY THEM INTERMINABLY. HERE WE HAVE CONFLICT NOT ONLY WITH IRANIAN DESIRE TO REORDER WORLD ECONOMY ON MORE FAVORABLE TERMS TO ITS OWN INTERESTS, BUT ALSO IRANIAN ASPIRATIONS TO ACT AS A LEADER OF LDC GROUPS ON THESE TWO QUESTIONS.

(C) THIRD ISSUE UNDER THE HEADING OF "US PUSHING IRAN AROUND" HAS TO DO WITH THE WAY WE HANDLE OUR DEFENSE BUSINESS HERE. ALTHOUGH WE CAN OFFER TECHNICAL EXPLANA-
SECRET

SECRET

PAGE 03 TEHRAN 07765 01 OF 02 011300Z

TIONS FOR CORRECTNESS OF MOST OF OUR ACTIONS, WE HAVE NOT BEEN ABLE TO DEAL WITH GROWING IRANIAN FEELING THAT THEIR DEFENSE PURCHASES FROM THE US ARE BEING HANDLED ON AN UNEQUAL BASIS, NOT WITH PARITY AND RESPECT THEY EXPECT IN A SELLER/BUYER RELATIONSHIP. GOI DOES NOT UNDERSTAND WHY, FOR EXAMPLE, INTEREST IS NOT PAID ON FMS FUNDS HELD BY DOD FOR IRANIAN PURCHASES. WE KNOW INTEREST PAYMENTS ARE CONTRARY TO US LAW, AND WE ARE TRYING TO MAKE

ARRANGEMENTS WHICH WILL SATISFY IRAN. NEVERTHELESS, WHEN
THEY PUT THAT INCIDENT TOGETHER WITH FACT THAT WE DELAYED

SECRET

NNN

SECRET

PAGE 01 TEHRAN 07765 02 OF 02 011337Z

56

ACTION NODS-00

INFO OCT-01 ISO-00 /001 W

----- 094179

O 010920Z AUG 76

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC IMMEDIATE 8396

S E C R E T SECTION 2 OF 2 TEHRAN 7765

NODIS

ISSUANCE SHIP DELIVERIES WHILE REQUIRING ADVANCE PAY-
MENTS, IT MAKES IRANIANS THINK THEY ARE BEING USED. IT ANNOYS
THEM WHEN WE DENY RELEASE OF SOPHISTICATED NEW HARDWARE
WHICH IS STANDARD ON PLANES OR SHIPS WE HAVE AGREED
TO SELL IRAN. YOU MAY HEAR OF SPECIFIC DEFENSE MATTERS
FROM THE SHAH, ESPECIALLY OIL-FOR-ARMS BARTER WHICH
MAY BE ONLY MEANS MONEY-SHORT GOI CAN USE TO FINANCE NEW
WEAPONS PURCHASES.

(D) THE SHAH IS BY NOW PRETTY WELL CONVINCED THAT WE
HAVE BEEN TEASING HIM ALONG ON EFFORTS TO WORK OUT A BI-
LATERAL OIL AGREEMENT OVER THESE MANY MONTHS AND THAT WE
ARE REALLY NOT SERIOUS ABOUT TRYING TO FINALIZE AN
ARRANGEMENT. NEVERTHELESS HE WILL CONTINUE TO PLAY THE
STRING OUT AS LONG AS WE ARE PREPARED TO.

4. SECOND MAJOR ELEMENT IN SHAH'S ATTITUDE IS FEELING
THAT US IS UNDERGOING CRISIS OF POLITICAL WILL. HE
RECOGNIZES EFFECTS ON NATIONAL MORALE OF WATERGATE/VIET
NAM TRAUMA AND PECULIAR POLITICAL PROCESS WE MUST UNDERGO
DURING ELECTION YEAR. HE HOPES THAT MOOD HE PERCEIVES IN
US IS TEMPORARY, BUT GIVEN ATTITUDE OF CONGRESS ON ARMS
SALES AND HIS LACK OF FAMILIARITY WITH DEMOCRATIC PARTY
LEADERSHIP, HE FEARS, I BELIEVE, OUR CURRENT PREOCCUPA-
TIONS MAY BE LONGER LASTING. AS AN ASIDE, I SHOULD NOTE
THAT THE SHAH'S PERCEPTION OF US CONGRESSIONAL ATTITUDE

TOWARDS IRAN AND PARTICULARLY IRAN'S DEFENSE BUILD-UP LEADS
HIM TO BUY NOW, RATHER THAN WAIT UNTIL ATTITUDES
SECRET

SECRET

PAGE 02 TEHRAN 07765 02 OF 02 011337Z

BECOME EVEN MORE DIFFICULT. OF COURSE, THESE PROTECTIVE
ACQUISITIONS ONLY EXACERBATE THE PROBLEM WITH CONGRESS
AND THE PRESS.

5. SHAH'S PERCEPTION OF US INDECISION AND WEAKNESS
COINCIDES WITH HIS VIEW OF MORE DETERMINED SOVIET
ATTITUDE TOWARDS MIDDLE EAST AND INDIAN OCEAN REGIONS.
(CF TEHRAN 6934). AS YOU KNOW, HE WAS PARTICULARLY
DISTURBED BY WESTERN SETBACK IN ANGOLA. HE HAS SIMILAR
FEARS FOR LEFTWARD EVOLUTION IN AFRICA GENERALLY, PARTICU-
LARLY ON THE HORN, AS WELL AS HIS LONG-STANDING UNEASINESS
ABOUT INSTABILITY IN ARABIAN PENINSULA AND ALONG AFGHAN-
PAKISTAN BORDERS. HE WILL PROBABLY ADDRESS THESE MATTERS.

6. ON ARAB QUESTIONS, SHAH IS DEEPLY CONCERNED BY
DRIFT IN LEBANESE CRISIS, PARTICULARLY ANY DEVELOP-
MENT THAT MIGHT ENDANGER ASAD AND LEAD TO HIS
DISPLACEMENT BY SYRIAN ELEMENTS MORE FAVORABLE TO
IRAQI BAATHISTS. SHAH WILL CERTAINLY SPEAK TO YOU
ABOUT HIS FEAR OF A "RED CRESCENT" FORMED BY IRAQ AND
SYRIA AND THREATENING JORDAN, EVEN THOUGH YOU HAVE
EXCHANGED VIEWS ON THIS SUBJECT IN CONTEXT OF SADAT'S
RECENT VISIT HERE. FOR SIMILAR REASONS HE FEARS A
PALESTINIAN STATE WHICH COULD EXERT RADICAL PRESSURE
FIRST ON JORDAN AND THEN ON SAUDI ARABIA AND THE
SMALLER PENINSULA STATES. AS YOU KNOW, HE PLACES
HEAVY EMPHASIS ON SADAT'S MODERATING ROLE IN THIS
CONJUNCTURE, BUT HE HAS NOT ALTERED HIS RELATIONSHIP
TO ISRAEL AND INDEED MAY HAVE MOVED TO STRENGTHEN IT.

7. IN THIS CONNECTION, YOU SHOULD BE AWARE THAT
ISRAELI PRIME MINISTER YITZHAK RABIN SECRETLY VISITED
THE SHAH IN MID-JULY. HE CAME WITH THE ISRAELI
INTELLIGENCE CHIEF, CLANDESTINE ARRANGEMENTS IN IRAN
BEING MADE BY SAVAK. THE SECRECY SURROUNDING THE VISIT
CAN BE JUDGED BY THE FACT THAT DESPITE MY BEST EFFORTS
AT FLYCASTING, I COULD ELICIT NOTHING FROM EITHER THE
SHAH OR URI LUBRANI, THE UNOFFICIAL ISRAELI AMBASSADOR,
ALTHOUGH THE LATTER WAS GLAD TO TELL ME ABOUT YIGAL
ALLON'S VISIT EARLY THIS YEAR. (CF TEHRAN 0085).
RABIN'S COMING HERE WAS FOLLOWED ALMOST IMMEDIATELY
SECRET

SECRET

PAGE 03 TEHRAN 07765 02 OF 02 011337Z

BY GENERAL TOUFANIAN'S UNEXPECTED VISIT TO ISRAEL,
ALSO A RELATIVELY CLANDESTINE EVENT. WHAT THE
IRANIANS AND ISRAELIS ARE SPECIFICALLY COOKING UP IN
THE ARMS FIELD REMAINS TO BE ASCERTAINED, BUT THE SHAH
HAS A COMPLEX GAME GOING WITH BOTH THE ISRAELIS AND
THE EGYPTIANS, THE OBVIOUS PURPOSE OF WHICH IS TO
EXCHANGE OR AT LEAST HAVE AVAILABLE CERTAIN KINDS OF
AMMUNITION AND WEAPONS WHICH ARE NOT SUBJECT TO US
CONGRESSIONAL CONTROL OR VETO.

8. THESE ARE THE MAJOR QUESTIONS WE FACE AS I SEE IT.
ALTHOUGH BOTH SIDES RECOGNIZE THERE ARE NO SIMPLE
ANSWERS, THE SHAH WILL EXPECT AN AUTHORITATIVE UPDATING
FROM YOU ON U.S. ATTITUDES IN THIS ELECTION YEAR.
THIS WILL CONSTITUTE THE BEST TONIC WE COULD ADMINISTER
TO IRANIAN-US RELATIONS AT THIS TIME.
HELMS

SECRET

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ITINERARY, MINISTERIAL VISITS, BRIEFING MATERIALS, DIPLOMATIC DISCUSSIONS, MILITARY POLICIES, NUCLEAR FUELS, CAT-C
Control Number: n/a
Copy: SINGLE
Draft Date: 01 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: SmithRJ
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976TEHRAN07765
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: X1
Errors: N/A
Film Number: P840090-1751
From: TEHRAN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760898/aaaadiam.tel
Line Count: 241
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NODS
Original Classification: SECRET
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: NODIS
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: NODIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: SmithRJ
Review Comment: n/a
Review Content Flags:
Review Date: 08 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08 JUN 2004 by greeneet>; APPROVED <08 OCT 2004 by SmithRJ>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: YOUR VISIT TO TEHRAN: THE SHAH'S MOOD AND MAJOR ISSUES
TAGS: PFOR, MILI, IR, US, (KISSINGER, HENRY A), (PAHLAVI, MOHAMMAD REZA)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006